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WORK PLAN FOR 1999-2002 AND REQUEST FOR PROGRAMME EXPENDITURE AUTHORITY

Report of the Executive Director

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I. INTRODUCTION

1. The objective of this report is three-fold: (a) to examine UNFPA 1997 programme development by programme area; (b) to describe the work plan for 1999-2002 including information about projected resources and the proposed utilization of programmable resources among country and intercountry activities as well as among geographical regions; and (c) to present the Executive Director's proposed programme expenditure authority for 1999 from regular resources, the estimates of new programmable regular resources for the 2000-2002 period and the estimates of new programmable resources from multi-bilateral funding. Pertinent financial data used in the calculations in this report are provided in tables in the annex.

II. UTILIZATION OF RESOURCES IN 1997[1]

2. The regular income for 1997 amounts to $290.1 million, a decrease of $18.7 million or 6 per cent compared to 1996. After deducting $58.3 million for the administrative and programme support services (APSS) budget and adding $27.2 million in carry-forwards from 1996 to 1997, total programmable regular resources in 1997 total $259.0 million. This is a decrease of $15.7 million, or 6 per cent from the total programmable regular resources in 1996. The income from multi-bilateral resources in 1997 is $27.2 million, $8.4 million more than in 1996. The carry-forwards from 1996 from multi-bilateral resources are $20.6 million, bringing to $47.8 million the total programmable multi-bilateral resources in 1997. In terms of combined regular and multi-bilateral resources, total programmable resources amount to $306.8 million, a similar amount as in 1996 (see table A).

3. Total project expenditures from regular resources decreased slightly (by $2.0 million) from 1996 to $214.5 million in 1997. Expenditures for technical support services (TSS) are $23.5 million; the costs of administrative and operational services (AOS) are $7.3 million. This yields programme expenditures of $245.3 million in 1997, slightly less (by $2.2 million) than the corresponding 1996 figure. For combined regular and multi-bilateral resources, project expenditures are $230.2 million, and programme expenditures are $261.8 million (see table B). The ratio of programme expenditures to total programmable resources (resource utilization rate) for regular resources in 1997 increases to 95 per cent from 90 per cent in 1996 (see table C). The carry-forwards of programmable resources from 1997 to 1998 are $13.7 million, i.e., $13.5 million less than the previous year. Thus, UNFPA not only spent in full its 1997 income but also used $13.5 million of the carry-forwards from 1996 to 1997, thereby reducing the carry-forwards to half.

4. In 1997, the Executive Board approved a total of $378.1 million from the regular resources for country programmes submitted by UNFPA. Almost all of these programmes started in 1997 and will continue for a period of four or five years. The total of regular resources approved for country programmes under the new programme areas, therefore, has amounted to $723.6 million (see Table D). The share distribution is 71 per cent for reproductive health, including family planning and sexual

[1] All financial figures for 1997 are provisional.

health, 19 per cent for population and development strategies and 10 per cent for advocacy. As most of the UNFPA regular resources for country activities are expended under country programmes, a similar share distribution on average is foreseen in expenditures in coming years.

III. PROGRAMME PLANNING FOR 1998

5. The current income assumption for 1998 is $320 million from the regular resources, of which $20 million is foreseen from private foundations. This assumption, together with carry-forwards of regular resources from 1997 into 1998 of $13.7 million and no carry-forwards from 1998 to 1999, will allow UNFPA to conduct programme activities at a higher level than in 1997.

IV. WORK PLAN FOR 1999-2002 AND REQUEST FOR PROGRAMME EXPENDITURE AUTHORITY

A. The basis of the work plan, 1999-2002

6. The work plan of UNFPA is a rolling four-year plan. This means that for each new work plan the current year is deleted and one future year is added. The work plan is a projected programme of assistance based upon income projections, prior commitments and foreseeable needs. It deals with those activities that are funded from UNFPA's regular resources and refers also to the amount of expected multi-bilateral resources. The intended distribution of resources among country and intercountry activities and among regions is shown for regular resources only, since in the case of projects financed from trust funds the funding decisions are made by the donors themselves and not by UNFPA.

7. This work plan is based on the income assumptions for the period 1999-2002, which, after deducting the net support budget and additions to the operational reserve, determine the estimates of new programmable resources. For the work plan 1999-2002, the Executive Director has taken the income of 1998, currently estimated at $320 million, as the base and projects a (constant) annual rate of increase of 7 per cent for 1999-2002. This projection takes into account preliminary indications from major donor countries about their pledges for 1999. UNFPA has examined past increases in income and noted that there is no clearly discernible pattern; rather, the increases have varied from zero (or even negative) to up to 21 per cent, but averaged 6.4 per cent for the period of the last 10 years. Further taking into consideration the encouraging indications from donors, the Executive Director believes that the assumption of a rate of growth of 7 per cent would appear to be justified.

8. These assumptions result in an income projection for the four-year period 1999-2002 of $1,519 million from regular resources, as compared to $1,544 million for the period 1998-2001 presented in last year's work plan. The new programmable resources from regular resources based on these income assumptions are: $271 million for 1999, $293 million for 2000, $314 million for 2001 and $336 million for 2002. This yields a total of $1,214 million for the 1999-2002 period (see table E)

compared to $1,235 million estimated last year for the work plan period 1998-2001. The income assumption from multi-bilateral resources is $25 million per year, or $100 million over the four-year period. Thus, the income assumption from regular and multi-bilateral resources combined is $1,619 million.

9. The amount of resources required for the support budget (net) is assumed in the work plan as 17.5 per cent of the combined regular and multi-bilateral income each year (or 18.8 per cent of the income of regular resources) resulting in $285 million for the four-year period. The support budget for 1999 has been projected by prorating the 1998-1999 biennial support budget of $127.5 million approved by the Executive Board.

10. The Governing Council, at its fortieth session, in decision 93/28, paragraph 13, reconfirmed that the level of the operational reserve should be maintained at 20 per cent of the general resources income for each year of the UNFPA work plan. The level of the operational reserve at the end of 1996 was $63 million. Given an income in 1997 of $290.1 million, the level of the reserve at the end of 1997 has not been increased. Given an estimated income in 1998 of $320 million, the level of the reserve at the end of 1998 -- in accordance with decision 93/28 -- will have been increased to $64 million. In order to maintain the reserve at the 20 per cent level, and assuming that the income from regular resources between 1999 and 2002 will increase as estimated, UNFPA will add a total of $20 million to the operational reserve over the work plan period 1999-2002.

11. The work plan does not project any significant carry-forwards of regular resources from 1998 to the new work plan period. Thus, total programmable resources in the four-year period are estimated at $1,214 million from regular resources (an annual average of $304 million). Assuming the same amount of carry-forwards from 1998 to the new work plan period and from the new work plan period to 2003, carry-forwards of multi-bilateral resources are disregarded so that total programmable resources are estimated at $100 million from multi-bilateral resources (an annual average of $25 million). Thus, the total programmable resources are estimated at $1,314 million from regular and multi-bilateral resources combined (an annual average of $329 million).

B. Resource distribution

12. The planned distribution of total programmable resources from regular resources for 1999-2002 between country and intercountry activities (regional and interregional activities) takes into consideration the needs in each of these areas. According to this plan (see table F), the proportion of total programmable resources intended for country activities for the new work plan period increases by one percentage point to 72 per cent from the work plan for 1998-2001. In absolute terms, the $874 million intended for country activities in the four-year period 1999-2002 (an average of $219 million per year) is basically the same amount previously foreseen for the 1998-2001 period. In addition, $116 million are projected for technical support services (TSS) for country programmes, an 8 per cent increase from the amount of $107 million approved by the Executive Board to implement the TSS arrangements over the four-year period of 1996-1999. Such technical support is provided by teams

located at regional sites, which in turn receive technical backstopping from technical specialists located in offices at their headquarters. The administrative and operational services costs from regular resources for 1999-2002 are estimated at $42 million. This is based on a compensation arrangement with United Nations executing agencies of 7.5 per cent of project expenditures incurred for the implementation of country projects, in accordance with Governing Council decision 91/37, as well as on compensation arrangements covering non-governmental organizations (NGOs).

13. This work plan reflects decision 96/15 by which the Executive Board approved a new system of allocation of UNFPA resources to countries, based on the goals and objectives of the ICPD Programme of Action, replacing the previous system of priority countries. Based on this decision, which foresees that the new system be introduced with a flexible approach and in a phased manner, the proportions of expenditures by group of countries (see table G) are as follows: the share for Group A, which has increased from 56 per cent in 1995 (pre-ICPD) to 61 per cent in the period 1996-1997 (post-ICPD), is expected to be 67 per cent, on average, for the work plan period 1999-2002, and, thus, it is expected to reach the range of 67-69 per cent by the year 2000 in accordance with decision 96/15; the share for Group B, which has decreased from 33 per cent in 1995 to 28 per cent in the period 1996-1997, is expected to be 24 per cent, on average, for the work plan period 1999-2002, and, thus, it is expected to be 22-24 per cent by the year 2000; the share for Group C is expected to be 5 per cent, on average, for the work plan period 1999-2002; and the share for countries with economies in transition as well as other countries not included in groups A, B or C, is expected to be 4 per cent, on average, for the work plan period 1999-2002. UNFPA's planning is thus ensuring that UNFPA will have reached the targets set in paragraph 9 of decision 96/15 by the year 2000 in full.

14. Since precise amounts to be allocated to each country have not yet been determined, UNFPA has only set tentative figures for regions. Using the flexibility and the phased approach recommended by the Board, the amounts per region for the full four-year period 1999-2002 will on average be: sub-Saharan Africa, 39 per cent; Arab States and Europe, 12 per cent; Asia and the Pacific, 38 per cent; and Latin America and the Caribbean, 11 per cent (see table H). This distribution takes into account that sub-Saharan Africa has the largest number of least developed and low income countries and that the Asia and Pacific region includes a large number of countries in Group A. As table H shows, there is only a slight shift in the proportionate share of each region from the previous work plan to the current one submitted here. This is due to the fact that the work plan 1998-2001 already reflected the increasing emphasis that UNFPA gives to Africa and anticipated the overall shift in resources from other regions to sub-Saharan Africa and that more and more country programmes reflecting the new system of resource allocation to countries will dominate the resources utilization of each region in the new work plan period.

15. Based on an analysis of the status of financial implementation of UNFPA programmes and projects (see Document DP/FPA/1998/8) and expected expenditures in 1998, the balance of commitments (regular resources) to country programmes approved by the Governing Council and the Executive Board as of January 1999 is estimated at about $482 million. This is 55 per cent of the

$874 million expected to be available for country programmes in the whole work plan period 1999-2002 (see table I).

16. The UNFPA intercountry programme for the period of 1996-1999, covering regional and interregional activities, was approved by the Executive Board in 1995 in the amount of $175 million, or 15 per cent of programmable resources from regular resources. Approximately the same proportion is foreseen for the distribution of the $182 million of programmable resources from regular resources to these activities during the 1999-2002 work plan period, a 4 per cent increase from the amount approved for the four-year period of 1996-1999. The Executive Director foresees $76 million from regular resources (an annual average of $19 million) for regional activities during the work plan period and $106 million (an annual average of $27 million) for interregional activities.

C. Request for programme expenditure authority

17. At its thirty-sixth session, the Governing Council, in decision 89/46 B, approved the proposal of the Executive Director that a programme expenditure authority for regular resources for the year following the current year be set at the level of estimated new programmable resources of that new year. The Executive Director further proposed, and the Governing Council endorsed at its thirty-sixth session, that for the subsequent three years of the work plan period the estimated amounts of new programmable resources be determined, which will provide guidance for future programming and, as necessary, will be reviewed, revised and updated on a rolling basis every year.

18. The proposed programme expenditure authority for 1999 amounts to $271 million, and the new programmable resources for 2000, 2001 and 2002 are estimated at $293 million, $314 million and $336 million, respectively (see table J).

V. RECOMMENDATIONS

19. The Executive Director recommends that the Executive Board:

(a) Endorse the Executive Director's programme resource planning proposals set out in paragraphs 6 to 16;

(b) Approve the request for the 1999 programme expenditure authority at a level equal to expected new programmable resources for 1999, currently estimated at $271 million;

(c) Endorse the use of the following estimates of new programmable resources from regular resources for programme planning for the 2000-2002 period: $293 million for 2000; $314 million for 2001; and $336 million for 2002;

(d) Also endorse the use of the following estimates of new programmable resources from multi-bilateral funding: $25 million per year for the years 1999-2002.

ANNEX

Table A. Calculation of programmable resources for 1996 and 1997

(MILLIONS OF US DOLLARS)

	1996	1997 (PROVISIONAL)
REGULAR RESOURCES		
(1) INCOME	308.8[A]	290.1
(2) ADMINISTRATIVE AND PROGRAMME SUPPORT SERVICES (APSS)	52.8[A]	58.3
(3) ADDITIONS TO THE OPERATIONAL RESERVE	0.0[A]	0.0
(3A) GLOBAL CONTRACEPTIVE COMMODITY PROGRAMME	5.0[A]	0.0
(4) NEW PROGRAMMABLE RESOURCES (1)-(2)-(3)-(3A)	251.0	231.8
(5) CARRY-FORWARDS FROM PREVIOUS YEAR	23.7[A]	27.2[A]
(6) TOTAL PROGRAMMABLE RESOURCES (4) + (5)	274.7	259.0
MULTI-BILATERAL RESOURCES		
(7) INCOME	18.8	27.2
(8) CARRY-FORWARDS	13.0	20.6
(9) TOTAL PROGRAMMABLE RESOURCES (7) + (8)	31.8	47.8
COMBINED RESOURCES		
(10) TOTAL PROGRAMMABLE RESOURCES (6) + (9)	306.5	306.8

(A) SEE DOCUMENT DP/FPA/1997/13, ANNEX, TABLE 1.

Table B. Summary of programme expenditures for 1996 and 1997

(MILLIONS OF US DOLLARS)

	1996	1997 (PROVISIONAL)
REGULAR RESOURCES		
(1) PROJECT EXPENDITURES	216.5[A]	214.5
(2) TECHNICAL SUPPORT SERVICES (TSS)	23.5[A]	23.5
(3) ADMINISTRATIVE AND OPERATIONAL SERVICES (AOS)	7.5[A]	7.3
(4) PROGRAMME EXPENDITURES (1) + (2) + (3)	247.5[A]	245.3
MULTI-BILATERAL RESOURCES		
(5) PROJECT EXPENDITURES	10.6	15.7
(6) ADMINISTRATIVE AND OPERATIONAL SERVICES (AOS)	0.6	0.8
(7) PROGRAMME EXPENDITURES (5) + (6)	11.2	16.5
COMBINED RESOURCES		
(8) PROJECT EXPENDITURES (1) + (5)	227.1	230.2
(9) PROGRAMME EXPENDITURES (4) + (7)	258.7	261.8

(A) SEE DOCUMENT DP/FPA/1997/13, ANNEX, TABLE 1.

Table C. Performance indices for 1996 and 1997

(MILLIONS OF US DOLLARS)

	1996	1997 (PROVISIONAL)
REGULAR RESOURCES		
(1) TOTAL PROGRAMMABLE RESOURCES[A]	274.7	259.0
(2) PROGRAMME EXPENDITURES[B]	247.5	245.3
(3) RESOURCE UTILIZATION RATE (2)/(1)[C]	90%	95%
REGULAR AND MULTI-BILATERAL RESOURCES COMBINED		
(4) TOTAL PROGRAMMABLE RESOURCES[D]	306.5	306.8
(5) PROGRAMME EXPENDITURES[E]	258.7	261.8
(6) RESOURCE UTILIZATION RATE (5)/(4)[C]	84%	85%

(A) SEE TABLE A, LINE (6).
(B) SEE TABLE B, LINE (4).
(C) THE RESOURCE UTILIZATION RATE IS THE RATIO OF PROGRAMME EXPENDITURES TO TOTAL PROGRAMMABLE RESOURCES.
(D) SEE TABLE A, LINE (10).
(E) SEE TABLE B, LINE (9).

Table D. Amounts of country programmes under the new core programme areas, approved in 1996-1998[A]

REGULAR RESOURCES (MILLIONS OF US DOLLARS)

CORE PROGRAMME AREA	YEAR OF APPROVAL							
	1996[B]		1997		1998 (PROVISIONAL)		TOTAL	
	($)	(%)	($)	(%)	($)	(%)	($)	(%)
REPRODUCTIVE HEALTH	72.2	65%	274.3	73%	167.4	71%	513.9	71%
POPULATION AND DEVELOPMENT STRATEGIES[C]	23.1	21%	64.5	17%	49.3	21%	136.9	19%
ADVOCACY	15.2	14%	39.3	10%	18.3	8%	72.8	10%
TOTAL	110.5	100%	378.1	100%	235.0	100%	723.6	100%

(A) INCLUDES SUBMISSIONS TO THE FIRST AND SECOND REGULAR SESSIONS IN 1998.
(B) INCLUDES $4 MILLION APPROVED IN 1995.
(C) INCLUDES PROGRAMME COORDINATION AND DEVELOPMENT.

Table E. New programmable resources for 1999-2002

(MILLIONS OF US DOLLARS)

	1999	2000	2001	2002	1999-2002
REGULAR RESOURCES					
(1) INCOME	342	366	392	419	1,519
(2) NET SUPPORT BUDGET	66	68	73	78	285
(3) ADDITION TO THE OPERATIONAL RESERVE	5	5	5	5	20
(4) SUBTOTAL (2) + (3)	71	73	78	83	305
(5) AVAILABLE AS NEW PROGRAMMABLE RESOURCES (1)-(4)	271	293	314	336	1,214
MULTI-BILATERAL RESOURCES					
(6) INCOME AVAILABLE AS NEW PROGRAMMABLE RESOURCES	25	25	25	25	100
COMBINED RESOURCES					
(7) INCOME (1) + (6)	367	391	417	444	1,619
(8) AVAILABLE AS NEW PROGRAMMABLE RESOURCES (5) + (6)	296	318	339	361	1,314

Table F. Intended distribution of programmable resources among country and intercountry activities, work plan 1998-2001 and work plan 1999-2002

(MILLIONS OF US DOLLARS)

	WORK PLAN 1998-2001[A]			WORK PLAN 1999-2002		
	TOTAL ($)	ANNUAL ($)	AVERAGE (%)	TOTAL ($)	ANNUAL ($)	AVERAGE (%)
REGULAR RESOURCES						
(1) COUNTRY ACTIVITIES	876	219	71%	874	219	72%
(2) TECHNICAL SUPPORT SERVICES	118	30	10%	116	29	10%
(3) ADMINISTRATIVE AND OPERATIONAL SERVICES	48	12	4%	42	10	3%
(4) REGIONAL ACTIVITIES	82	21	7%	76	19	6%
(5) INTERREGIONAL ACTIVITIES	111	28	9%	106	27	9%
(6) INTERCOUNTRY ACTIVITIES (4) + (5)	193	48	16%	182	46	15%
(7) TOTAL (1) + (2) + (3) + (6)	1,235	309	100%	1,214[B]	304	100%
MULTI-BILATERAL RESOURCES						
(8) ACTIVITIES	93	23	93%	93	23	93%
(9) ADMINISTRATIVE AND OPERATIONAL SERVICES	7	2	7%	7	2	7%
(10) TOTAL (8) + (9)	100	25	100%	100[C]	25	100%
COMBINED RESOURCES						
(11) ACTIVITIES (1) + (6) + (8)	1,162	291		1,149	288	
(12) TOTAL (7) + (10)	1,335	334		1,314	329	

(A) SEE DOCUMENT DP/FPA/1997/7, TABLE F. FIGURES MAY NOT ADD UP TO TOTALS GIVEN DUE TO ROUNDING.
(B) NO CARRY-FORWARDS ARE PROJECTED FROM REGULAR RESOURCES FROM 1998 TO THE NEW WORK PLAN PERIOD.
(C) CARRY-FORWARDS ARE NOT INCLUDED.

Table G. Intended country activities by group[A] for periods 1998-2001 and 1999-2002, compared with expenditures, 1995 and period 1996-1997

REGULAR RESOURCES (MILLIONS OF US DOLLARS)

	1995 (ACTUAL)		1996-1997 (PROVISIONAL)		APPROVED 1998-2001		INTENDED 1999-2002	
			ANNUAL AVERAGE	% OF COUNTRY ACTIVITY	ANNUAL AVERAGE	% OF COUNTRY ACTIVITY[B]	ANNUAL AVERAGE	% OF COUNTRY ACTIVITY
	($)	(%)	($)	(%)	($)	(%)	($)	(%)
GROUP A	103.5	56%	107.8	61%	142	65%	147	67%
GROUP B	60.5	33%	50.3	28%	55	25%	52	24%
GROUP C	13.8	8%	7.6	4%	13	6%	11	5%
OTHER COUNTRIES[C]	6.2	3%	11.5	7%	9	4%	9	4%
TOTAL	184.0	100%	177.2	100%	219	100%	219	100%

NOTE: AS CONTAINED IN EXECUTIVE BOARD DECISION 96/15, THE DISTRIBUTION OF RESOURCES TO THESE GROUPS OF COUNTRIES WILL BE AS FOLLOWS: 67-69 PER CENT TO GROUP A, 22-24 PER CENT TO GROUP B, 5-7 PER CENT TO GROUP C AND 3-4 PER CENT TO COUNTRIES WITH ECONOMIES IN TRANSITION, ON A TEMPORARY BASIS, AND 0.5 PER CENT TO OTHER COUNTRIES.

(A) AS DEFINED IN DOCUMENT DP/FPA/1996/15.
(B) SEE DOCUMENT DP/FPA/1997/7, TABLE G.
(C) COUNTRIES WITH ECONOMIES IN TRANSITION, AS WELL AS OTHER COUNTRIES NOT INCLUDED IN GROUPS A, B OR C.

Table H. Intended country activities by region for the periods 1998-2001 and 1999-2002, compared with expenditures, 1995 and period 1996-1997

REGULAR RESOURCES (MILLIONS OF US DOLLARS)

	1995 (ACTUAL)		1996-1997 (PROVISIONAL)		APPROVED 1998-2001[A]		INTENDED 1999-2002	
			ANNUAL AVERAGE	% OF COUNTRY ACTIVITY	ANNUAL AVERAGE	% OF COUNTRY ACTIVITY	ANNUAL AVERAGE	% OF COUNTRY ACTIVITY
	($)	(%)	($)	(%)	($)	(%)	($)	(%)
AFRICA (SUB-SAHARAN)	65.2	36%	66.0	37%	85	39%	85	39%
ARAB STATES AND EUROPE	23.9	13%	22.7	13%	28	13%	27	12%
ASIA AND THE PACIFIC	66.6	36%	64.5	36%	84	38%	84	38%
LATIN AMERICA & CARIBBEAN	28.3	15%	24.0	14%	22	10%	23	11%
TOTAL	184.0	100%	177.2	100%	219	100%	219	100%

(A) SEE DOCUMENT DP/FPA/1997/7, TABLE H

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Table I. Intended country activities for 1999-2002 and amounts already programmed
REGULAR RESOURCES (MILLIONS OF US DOLLARS)

	1999-2002		
	TOTAL COUNTRY ACTIVITIES	AMOUNT ALREADY PROGRAMMED (ESTIMATE)	AMOUNT ALREADY PROGRAMMED AS PERCENTAGE OF REGION TOTAL
	($)	($)	(%)
AFRICA (SUB-SAHARAN)	339	206	61%
ARAB STATES AND EUROPE	108	62	57%
ASIA AND THE PACIFIC	335	167	50%
LATIN AMERICA AND THE CARIBBEAN	92	47	51%
TOTAL	874	482	55%

Table J. Proposed programme expenditure authority for 1999 and estimates for new programmable resources for 2000-2002
REGULAR RESOURCES (MILLIONS OF US DOLLARS)

	1999	2000	2001	2002	TOTAL 1999-2002
NEW PROGRAMMABLE RESOURCES[A]	271	293	314	336	1,214

(A) SEE TABLE E LINE 5 OF THIS REPORT.

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